

DEPARTMENT OF STATE REVENUE**LETTER OF FINDINGS NUMBER: 99-0206 IRP
International Registration Plan (IRP)
For Years 1994 AND 1995**

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ISSUES**I. IRP – Lessor Responsibility**

Authority: IRP 900; IRP 904

Taxpayer (lessor) maintains it is not responsible for taxes on its vehicle.

STATEMENT OF FACTS

Taxpayer runs a farm/trucking operation involving intrastate grain transport. An audit of the years 1994-1995 found records indicating numerous unreported intrastate and interstate trips with tax accruing. Taxpayer maintained that all interstate and some of the intrastate mileage that was not initially reported was due to use of the vehicles under lease arrangements with one or two trucking companies. There is no evidence that taxpayer vehicles were ever registered under any name other than the taxpayer's. As proof of the leases, taxpayer provided a signed statement from one of the trucking companies stating, "[Taxpayer] was leased on with [Trucking Company] in the year 1994," as well as some fuel purchase receipts with this trucking company as purchaser. Tax was assessed against taxpayer and taxpayer protested that the tax was the responsibility of the lessees.

I. IRP -Lessor Responsibility**DISCUSSION**

Taxpayer maintains that in the event of a lease arrangement that is silent as to tax duty, lessee, not taxpayer, is responsible for the taxes. Lessor and lessee relationships and the consequent tax liability are construed by IRP 900 & 904, which state:

Apportioned registration for owner-operators who lease vehicles to motor carriers may be accomplished in accordance with the provisions of this Article. IRP 900

The lessee may be the registrant at the option of the lessor and the vehicle may be registered by the carrier, but in both the owner-operator's name and that of the carrier as lessee. The allocation of fees shall be according to the records of the carrier....IRP 904

While IRP does not address the tax burden in the event of a silent lease, taxpayer is explicitly granted the option of registering the lessee with the lessor. Taxpayer did not provide any record related to one of the alleged lessees, and provided an incoherent fragment and some receipts related to the other alleged lessee, and did not register either lessee. Given the incomplete proof of the leasing arrangements and the procedures within the code providing taxpayer options to document such arrangements, taxpayer fails to shift the responsibility for these taxes to the entities it identifies as lessees.

FINDINGS

Taxpayer appeal is denied.